

Senate Study Bill 1314

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL
BY CO=CHAIRPERSON ZIEMAN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to additional educational funding by increasing
2 the state regular program foundation base per pupil, by
3 modifying the community college operations levy, creating
4 local workforce and economic development funds for community
5 colleges, providing for a community college property tax
6 credit, increasing the state cigarette tax, and including
7 effective and applicability date provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 3573XC 81
10 mg/gg/14

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1 1 Section 1. Section 257.1, subsection 2, unnumbered
1 2 paragraph 2, Code 2005, is amended to read as follows:
1 3 For the budget year commencing July 1, ~~1999~~ 2005, and for
1 4 each succeeding budget year the regular program foundation
1 5 base per pupil is ~~eighty-seven and five-tenths~~ eighty-nine and
1 6 eighty-five hundredths percent of the regular program state
1 7 cost per pupil. For the budget year commencing July 1, 1991,
1 8 and for each succeeding budget year the special education
1 9 support services foundation base is seventy-nine percent of
1 10 the special education support services state cost per pupil.
1 11 The combined foundation base is the sum of the regular program
1 12 foundation base and the special education support services
1 13 foundation base.
1 14 Sec. 2. Section 260C.17, Code 2005, is amended by striking
1 15 the section and inserting in lieu thereof the following:
1 16 260C.17 PREPARATION AND APPROVAL OF BUDGET == OPERATIONS
1 17 LEVY.
1 18 1. BUDGET APPROVAL. The board of directors of each merged
1 19 area shall prepare an annual budget designating the proposed
1 20 expenditures for operation of the community college. The
1 21 board shall further designate the amounts which are to be
1 22 raised by local taxation and the amounts which are to be
1 23 raised by other sources of revenue for the operation. The
1 24 budget of each merged area shall be submitted to the state
1 25 board no later than May 1 preceding the next fiscal year for
1 26 approval. The state board shall review the proposed budget
1 27 and shall, prior to June 1, either grant its approval or
1 28 return the budget without approval with the comments of the
1 29 state board attached to it. Any unapproved budget shall be
1 30 resubmitted to the state board for final approval.
1 31 2. BASE LEVEL. Upon approval of the budget by the state
1 32 board, the board of directors shall certify the amount to the
1 33 respective county auditors and the boards of supervisors
1 34 annually shall levy a tax of twenty and one-fourth cents per
1 35 thousand dollars of assessed value on taxable property in a
2 1 merged area for the operation of a community college.
2 2 3. OPTIONAL SUPPLEMENTAL AMOUNT. In addition to the
2 3 amount of the operations levy under subsection 2, the board of
2 4 directors of each community college may certify an additional
2 5 amount for levy by March 15 to the respective county auditors
2 6 for collection in the subsequent fiscal year, and the boards
2 7 of supervisors shall levy a tax on all taxable property in the
2 8 merged area for deposit in the local workforce and economic
2 9 development fund created in section 260C.18C. Subject to
2 10 subsection 4, the sum of the moneys collected by a community
2 11 college under this subsection shall not exceed the sum of

2 12 twenty percent of the following for the fiscal year beginning
2 13 July 1, 2006, forty percent of the following for the fiscal
2 14 year beginning July 1, 2007, sixty percent of the following
2 15 for the fiscal year beginning July 1, 2008, and eighty percent
2 16 of the following for fiscal years beginning on or after July
2 17 1, 2009:

2 18 a. The community college's budgeted employer contributions
2 19 under the Federal Insurance Contributions Act, as defined in
2 20 section 97C.2, for the fiscal year of collection.

2 21 b. The community college's budgeted employer contributions
2 22 to the community college's employees' retirement systems for
2 23 the fiscal year of collection.

2 24 c. The community college's budgeted utility costs for the
2 25 fiscal year of collection. As used in this paragraph,
2 26 "utility costs" includes the cost of electricity, water, waste
2 27 collection, fuel oil and gas for heating, heat, and air
2 28 conditioning expenditures. "Utility costs" does not include
2 29 telephone service, or gas used in laboratories and shops for
2 30 community college purposes.

2 31 d. The moneys the community college would receive from the
2 32 collection of a property tax of ten cents per thousand dollars
2 33 of assessed valuation for the fiscal year of collection.

2 34 Moneys collected under this subsection shall be deposited
2 35 in the community college's local workforce and economic
3 1 development fund.

3 2 4. LIMITATION. Notwithstanding the amount calculated in
3 3 subsection 3, the sum of moneys collected by each community
3 4 college under subsection 3 for a fiscal year shall not exceed
3 5 the following:

3 6 a. For merged area one, three million twenty=four thousand
3 7 seven hundred sixty=four dollars.

3 8 b. For merged area two, two million two hundred fifty=two
3 9 thousand six hundred eighty=three dollars.

3 10 c. For merged area three, two million five hundred forty=
3 11 two thousand one hundred eighty=eight dollars.

3 12 d. For merged area four, one million twenty=eight thousand
3 13 six hundred two dollars.

3 14 e. For merged area five, two million nine hundred twenty=
3 15 one thousand four hundred forty=five dollars.

3 16 f. For merged area six, two million three hundred eighty=
3 17 three thousand five hundred sixteen dollars.

3 18 g. For merged area seven, three million five thousand nine
3 19 hundred fifty=one dollars.

3 20 h. For merged area nine, four million four hundred thirty=
3 21 three thousand forty=two dollars.

3 22 i. For merged area ten, seven million six hundred forty=
3 23 five thousand five hundred eleven dollars.

3 24 j. For merged area eleven, eight million five hundred
3 25 fifty=five thousand three hundred six dollars.

3 26 k. For merged area twelve, two million seven hundred
3 27 thirty=six thousand ninety=nine dollars.

3 28 l. For merged area thirteen, three million fourteen
3 29 thousand one hundred ninety=four dollars.

3 30 m. For merged area fourteen, one million one hundred
3 31 twenty=one thousand one hundred fifty=three dollars.

3 32 n. For merged area fifteen, three million three hundred
3 33 thirty thousand two hundred fifty=one dollars.

3 34 o. For merged area sixteen, one million nine hundred
3 35 seventy=seven thousand seven hundred eighty=six dollars.

4 1 5. TAXES COLLECTED. Taxes collected pursuant to the levy
4 2 shall be paid by the respective county treasurers to the
4 3 treasurer of the merged area as provided in section 331.552,
4 4 subsection 29.

4 5 6. TWO=YEAR PLAN. Each community college shall do all of
4 6 the following:

4 7 a. Adopt a two=year local workforce and economic
4 8 development fund plan outlining the community college's
4 9 proposed use of moneys deposited into the fund under
4 10 subsection 3.

4 11 b. Update the two=year plan annually.

4 12 c. Prepare an annual progress report on the two=year
4 13 plan's implementation.

4 14 d. Annually submit the two=year plan and progress report
4 15 to the department of economic development in a manner
4 16 prescribed by rules adopted by the department pursuant to
4 17 chapter 17A.

4 18 Sec. 3. NEW SECTION. 260C.18C LOCAL WORKFORCE AND
4 19 ECONOMIC DEVELOPMENT FUND.

4 20 1. LOCAL WORKFORCE AND ECONOMIC DEVELOPMENT FUND. A local
4 21 workforce and economic development fund is created at each
4 22 community college. Moneys shall be deposited and expended

4 23 from the fund as provided in this section.
4 24 2. ALLOWABLE USE. Moneys deposited in the fund are at the
4 25 disposal of the community college to be spent only on the
4 26 following, provided that no more than fifteen percent of the
4 27 moneys deposited may be used as provided under paragraph "f"
4 28 and provided that seventy percent of the moneys used as
4 29 provided in paragraphs "a" through "e" shall be used on
4 30 projects in the areas of advanced manufacturing, information
4 31 technology and insurance, and life sciences which include the
4 32 areas of biotechnology, health care technology, and nursing
4 33 care technology:
4 34 a. Projects for which an agreement with the community
4 35 college and an employer within the community college's merged
5 1 area meet all of the requirements of the accelerated career
5 2 education program under chapter 260G.
5 3 b. Projects for which an agreement with the community
5 4 college and a business meet all the requirements of the Iowa
5 5 jobs training Act under chapter 260F. However, such projects
5 6 are not subject to the maximum advance or award limitations
5 7 contained in section 260F.6, subsection 2, or the allocation
5 8 limitations contained in section 260F.8, subsection 1.
5 9 c. For the development and implementation of career
5 10 academies that are designed to provide new career preparation
5 11 opportunities for high school students and that are formally
5 12 linked with postsecondary career and technical education
5 13 programs. For purposes of this section, "career academy"
5 14 means a program of study that combines a minimum of two years
5 15 of secondary education with an associate degree, or the
5 16 equivalent, career preparatory program in a nonduplicative,
5 17 sequential course of study that is standards-based, integrates
5 18 academic and technical instruction, utilizes work-based and
5 19 worksite learning where appropriate and available, utilizes an
5 20 individual career planning process with parent involvement,
5 21 and leads to an associate degree or postsecondary diploma or
5 22 certificate in a career field that prepares an individual for
5 23 entry and advancement in a high-skill and rewarding career
5 24 field and further education. The department of economic
5 25 development, in conjunction with the state board of education
5 26 and the division of community colleges and workforce
5 27 preparation of the department of education, shall adopt
5 28 administrative rules for the development and implementation of
5 29 such career academies pursuant to section 256.11, subsection
5 30 5, paragraph "g", section 260C.1, and Title II of Pub. L. No.
5 31 105=332, the Carl D. Perkins Vocational and Technical
5 32 Education Act of 1998.
5 33 d. Programs and courses that provide vocational and
5 34 technical training and programs for in-service training and
5 35 retraining of workers under section 260C.1, subsections 2 and
6 1 3.
6 2 e. Job retention projects under section 260F.9.
6 3 f. Student support services, including but not limited to:
6 4 (1) Student counseling, including personal counseling,
6 5 academic counseling, behavioral counseling, and career
6 6 counseling.
6 7 (2) Support groups for high-need students.
6 8 (3) Student mentoring.
6 9 (4) Orientation to college classes taught in high school
6 10 which include career planning.
6 11 (5) Back-to-college training for nontraditional students.
6 12 (6) Utilization of software for assessing the students'
6 13 work interests, listing current job openings, and projecting
6 14 future job openings in the state of Iowa to assist students in
6 15 planning their careers.
6 16 Sec. 4. Section 260G.3, subsection 2, paragraph e, Code
6 17 2005, is amended to read as follows:
6 18 e. Moneys from a local workforce ~~training~~ and economic
6 19 development fund created in section ~~260C.18A~~ 260C.18C, based
6 20 on the number of program job positions agreed to by the
6 21 employer to be available under the agreement, the amount of
6 22 which shall be calculated in the same manner as the program
6 23 job credits provided for in section 260G.4A.
6 24 Sec. 5. NEW SECTION. 426C.1 COMMUNITY COLLEGE TAX CREDIT
6 25 FUND.
6 26 1. A community college tax credit fund is created. The
6 27 director of the department of administrative services shall
6 28 issue warrants on the fund payable to the county treasurers of
6 29 the several counties of the state under this chapter.
6 30 2. The community college tax credit fund shall be
6 31 apportioned each year so as to give a credit against the tax
6 32 on each tract of taxable property within the several merged
6 33 areas in an amount equal to the actual levy for the optional

6 34 supplemental amount authorized pursuant to section 260C.17,
6 35 subsections 3 and 4. However, in the case of a deficiency in
7 1 the community college tax credit fund to pay such credits in
7 2 full, the credits shall be proportionate.
7 3 3. The amount due each county shall be paid in two
7 4 payments on November 15 and March 15 of each fiscal year,
7 5 drawn upon warrants payable to the respective county
7 6 treasurers. The two payments shall be as nearly equal as
7 7 possible.

7 8 Sec. 6. NEW SECTION. 426C.2 COMPUTATION BY AUDITOR.

7 9 The community college tax credit allowed each year shall be
7 10 computed as follows: On or before April 1, the county auditor
7 11 shall list by merged area all tracts of taxable property,
7 12 together with the taxable value, and the tax rate to be levied
7 13 pursuant to section 260C.17, subsection 3, which tax is due
7 14 and payable in the following fiscal year, and on or before
7 15 April 1, shall certify the total amount of credits to the
7 16 department of revenue.

7 17 Sec. 7. NEW SECTION. 426C.3 WARRANTS AUTHORIZED BY
7 18 DIRECTOR.

7 19 After receiving from the county auditors the certifications
7 20 provided for in section 426C.2, and during the following
7 21 fiscal year, the director of revenue shall authorize the
7 22 department of administrative services to draw warrants on the
7 23 community college tax credit fund created in section 426C.1,
7 24 payable to the county treasurers in the amount certified by
7 25 the county auditors of the respective counties and shall mail
7 26 the warrants to the county auditors on November 15 and March
7 27 15 of each fiscal year, taking into consideration the relative
7 28 budget and cash position of the state resources. However, if
7 29 the community college tax credit fund is insufficient to pay
7 30 in full the total of the amounts certified to the director of
7 31 revenue, the director shall prorate the fund to the county
7 32 treasurers and notify the county auditors of the pro rata
7 33 percentage on or before June 15.

7 34 Sec. 8. NEW SECTION. 426C.4 APPORTIONMENT BY AUDITOR.

7 35 Upon receiving the pro rata percentage from the director of
8 1 revenue, the county auditor shall determine the amount of the
8 2 community college tax credit to be credited to each tract of
8 3 taxable property, and shall enter upon tax lists as a credit
8 4 against the tax levied for the optional supplemental amount
8 5 authorized pursuant to section 260C.17, subsections 3 and 4,
8 6 on each tract of taxable property on which there has been made
8 7 an allowance of credit before delivering the tax lists to the
8 8 county treasurer. Upon receipt of the warrant by the county
8 9 auditor, the auditor shall deliver the warrant to the county
8 10 treasurer for apportionment. The county treasurer shall show
8 11 on each tax receipt the amount of tax credit for each tract of
8 12 taxable property. In case of change of ownership, the credit
8 13 shall follow the title.

8 14 Sec. 9. NEW SECTION. 426C.5 RULES.

8 15 The director of revenue shall prescribe forms and rules,
8 16 not inconsistent with this chapter, necessary to carry out its
8 17 purposes.

8 18 Sec. 10. Section 453A.6, subsection 1, Code 2005, is
8 19 amended to read as follows:

8 20 1. There is imposed, and shall be collected and paid to
8 21 the department, ~~the following taxes~~ a tax on all cigarettes
8 22 used or otherwise disposed of in this state for any purpose
8 23 whatsoever+

8 24 ~~CLASS A. On cigarettes weighing not more than three pounds~~
8 25 ~~per thousand, eighteen mills on each such cigarette.~~

8 26 ~~CLASS B. On cigarettes weighing more than three pounds per~~
8 27 ~~thousand, eighteen mills on each such equal to three and six-~~
8 28 ~~tenths cents on each cigarette.~~

8 29 Sec. 11. Section 453A.6, Code 2005, is amended by adding
8 30 the following new subsection:

8 31 NEW SUBSECTION. 5A. Cigarettes shall be sold in packages
8 32 of twenty or more.

8 33 Sec. 12. Section 453A.8, subsection 1, Code 2005, is
8 34 amended to read as follows:

8 35 1. Stamps shall be sold by and purchased from the
9 1 department. The department shall sell stamps to the holder of
9 2 a state distributor's or manufacturer's permit which has not
9 3 been revoked and to no other person. Stamps shall be sold to
9 4 the permit holders at a discount of ~~two~~ one percent of the
9 5 face value. Stamps shall be sold in unbroken rolls of thirty
9 6 thousand stamps or unbroken lots of any other form authorized
9 7 by the director.

9 8 Sec. 13. Section 260C.18A, Code 2005, is repealed.

9 9 Sec. 14. EFFECTIVE AND APPLICABILITY DATES.

9 10 1. The sections of this Act amending sections 453A.6 and
9 11 453A.8, being deemed of immediate importance, take effect on
9 12 the first day of the month that begins following enactment of
9 13 this Act.
9 14 2. The sections of this Act amending sections 260C.17 and
9 15 260G.3, and enacting section 260C.18C, take effect January 1,
9 16 2006, and are applicable to school budget years beginning on
9 17 or after July 1, 2006.

9 18 3. The section of this Act repealing section 260C.18A
9 19 takes effect July 1, 2006.

9 20 4. The section of this Act amending section 257.1, being
9 21 deemed of immediate importance, takes effect upon enactment
9 22 and applies to school budget years beginning on or after July
9 23 1, 2005.

9 24 5. The sections of this Act enacting chapter 426C take
9 25 effect January 1, 2006, and apply to property taxes due and
9 26 payable in fiscal years beginning on or after July 1, 2006.

9 27 EXPLANATION

9 28 This bill increases the regular program foundation base per
9 29 pupil from 87.5 percent to 89.85 percent of the regular
9 30 program state cost per pupil. This change takes effect for
9 31 school budget years beginning on or after July 1, 2005.

9 32 The bill modifies the community college operations levy to
9 33 provide for an optional supplemental amount above the base
9 34 levy of 20.25 cents per \$1,000. The additional amount for
9 35 levy shall be certified by the board of directors of each
10 1 community college by March 15 for collection in the subsequent
10 2 fiscal year, and shall not exceed a specified percentage of
10 3 the sum of designated community college employee-related
10 4 contributions, utility costs, and projected revenues. The
10 5 percentages correspond to 20 percent for the fiscal year
10 6 beginning July 1, 2006, 40 percent for the fiscal year
10 7 beginning July 1, 2007, 60 percent for the fiscal year
10 8 beginning July 1, 2008, and 80 percent for fiscal years
10 9 beginning on or after July 1, 2009. The bill applies these
10 10 percentages, for the given fiscal year of collection, to the
10 11 sum of a community college's budgeted employer contributions
10 12 under the federal Insurance Contributions Act, a community
10 13 college's budgeted employer contributions to employees'
10 14 retirement systems, a community college's budgeted utility
10 15 costs, as defined in the bill, and moneys a community college
10 16 would receive from the collection of a property tax of 10
10 17 cents per \$1,000 of assessed valuation for the fiscal year of
10 18 collection. The bill provides that the amount collected for
10 19 the fiscal year beginning July 1, 2006, and succeeding fiscal
10 20 years, shall not exceed a specified dollar figure for each
10 21 community college merged area.

10 22 The bill provides for the establishment of a local
10 23 workforce and economic development fund. Authorized
10 24 expenditures from the fund include projects in which an
10 25 agreement with the community college and an employer within
10 26 the community college's merged area meets all of the
10 27 requirements of the accelerated career education program under
10 28 Code chapter 260G and projects in which an agreement with the
10 29 community college and a business meets all the requirements of
10 30 the Iowa jobs training Act under Code chapter 260F with stated
10 31 exemptions from advance, award, and allocation limitations.
10 32 The bill provides that revenue may also be expended for the
10 33 development and implementation of career academies, as defined
10 34 in the bill, designed to provide new career preparation
10 35 opportunities for high school students that are formally
11 1 linked with postsecondary career and technical education
11 2 programs; for programs and courses that provide vocational and
11 3 technical training and programs for in-service training and
11 4 retraining under Code section 260C.1, subsections 2 and 3; for
11 5 job retention projects under Code section 260F.9; and for
11 6 student support services, as defined in the bill. The bill
11 7 provides that no more than 15 percent of the revenue deposited
11 8 in the fund may be expended for student support services, and
11 9 that 70 percent of the revenue allocated for all other
11 10 authorized purposes shall be used on projects in the areas of
11 11 advanced manufacturing, information technology and insurance,
11 12 and life sciences.

11 13 The community college levy provisions take effect January
11 14 1, 2006, and are applicable for the school budget years
11 15 beginning on or after July 1, 2006.

11 16 The bill also increases the tax on cigarettes from 36 cents
11 17 on a pack of 20 to 72 cents on a pack of 20. The bill makes
11 18 other changes to the cigarette tax by requiring cigarettes to
11 19 be sold in packages of 20 or more, and reduces the 2 percent
11 20 discount on the purchase of tax stamps to a 1 percent

11 21 discount. These provisions take effect on the first day of
11 22 the month that begins following enactment of the bill.
11 23 Code section 260C.18A is repealed, which is similar to the
11 24 new Code section 260C.18C in the bill that deals with use of
11 25 moneys in the local workforce and economic development fund.
11 26 The repeal takes effect July 1, 2006.
11 27 The bill also creates a new Code chapter that provides for
11 28 a community college tax credit equal to the amount of the
11 29 additional levy enacted in the bill. The credit is subject to
11 30 moneys being available from the state to reimburse the local
11 31 governments. If the credit is not fully funded, the amount of
11 32 credit is prorated. The credit provisions take effect January
11 33 1, 2006, for taxes due and payable in fiscal years beginning
11 34 on or after July 1, 2006.
11 35 The bill contains effective and applicability date
12 1 provisions.
12 2 LSB 3573XC 81
12 3 mg:rj/gg/14.1